

ORDINANCE NO. _____, SERIES 2007

AN ORDINANCE ESTABLISHING A DEVELOPMENT AREA PURSUANT TO 2007 HOUSE BILL 549 TO BE KNOWN AS THE LOUISVILLE LIFE AND HEALTH SCIENCES DEVELOPMENT AREA, DESIGNATING THE LOUISVILLE MEDICAL CENTER DEVELOPMENT CORPORATION AS AN "AGENCY", APPROVING ENTERING INTO A LOCAL PARTICIPATION AGREEMENT, AUTHORIZING THE PAYMENT OF THE "RELEASED AMOUNT" PURSUANT TO THE TERMS AND CONDITIONS OF THE LOCAL PARTICIPATION AGREEMENT, REQUIRING THE SUBMISSION OF REGULAR REPORTS TO LOUISVILLE AND AUTHORIZING THE EXECUTION AND DELIVERY OF ANY OTHER DOCUMENTS AND THE TAKING OF ANY OTHER ACTIONS NECESSARY TO ACCOMPLISH THE PURPOSES AUTHORIZED BY THIS ORDINANCE.

SPONSORED BY: Councilmen David Tandy and Rick Blackwell

WHEREAS, the 2007 General Assembly enacted 2007 House Bill 549 (the "Act") relating to tax increment financing and urban redevelopment, which Act authorizes the Signature Project Program to encourage private investment in the development of major projects that will have a significant impact in the Commonwealth; and

WHEREAS, the Louisville Medical Center Development Corporation ("LMCDC") intends to undertake a major project within the Louisville Medical Center to complete the LMCDC Research Park and the Louisville Medical Center and the related public infrastructure, as more particularly described in Exhibit A attached hereto (the "Project"); and

WHEREAS, the Project will cost in excess of \$200 million and will represent new economic activity in the Commonwealth and therefore qualifies as a "Signature Project" under the Act; and

WHEREAS, the Council finds that the Development Area as illustrated on Exhibit B attached hereto is an area in need of public improvement and the Project to be undertaken in the Development Area by LMCDC will result in the increase in the value of property located in the Development Area and will result in increased employment within the Development Area; and

WHEREAS, it is therefore in the interest of Louisville and LMCDC that there be a plan for the optimal revitalization and development of the Development Area in a most efficient manner; and

WHEREAS, the use of tax increment financing has proven to be successful and of great benefit to areas in need of revitalization and development in other parts of the country; therefore, the development of a "Signature Project", within the meaning of Act

and as presented by LMCDC, to enable Louisville and the Commonwealth to use tax increment financing to encourage major economic development projects, is a worthy public purpose; and

WHEREAS, Louisville is authorized under the Act to execute a local participation agreement with an agency in acknowledgement of benefits to be derived by Louisville within a development area in order to promote the public purpose of Louisville; and

WHEREAS, LMCDC is organized and incorporated as a non-profit corporation which is seeking and anticipates tax-exempt charitable status and is located within Louisville; and

WHEREAS, Louisville desires to assist LMCDC with the costs of the Project and agrees to enter into the Local Participation Agreement in order to pay to LMCDC the Released Amount (as hereinafter defined) for use solely for purposes of the Project.

BE IT ORDAINED BY THE LEGISLATIVE COUNCIL OF THE LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT (THE COUNCIL) AS FOLLOWS:

Section 1. That the Council finds as follows:

- A. All statements of fact set forth in the recitals to this Ordinance are found true and correct and are incorporated herein by reference.
- B. The establishment of the Development Area shall not cause the assessed value of taxable real estate in all development areas located in Louisville to exceed 20% of the assessed value of all taxable real property in Louisville.
- C. There exists inadequate public infrastructure in the Development Area and the costs required to repair and improve existing infrastructure and to construct new infrastructure impedes the development of commercial property within the Development Area.
- D. As supported by the data and findings contained in Exhibit C, attached hereto:
 1. The Development Area will not reasonably be developed without public assistance; and
 2. The public benefits to be derived by the Project justify the public costs to Louisville; and
 3. The area immediately surrounding the Development Area has not been subject to the expected growth and development through investment by private enterprise.

Section 2. That the Development Area as illustrated in Exhibit B is designated as a development area pursuant to the Act and shall be named the Louisville Life and Health Sciences Development Area and shall be established as of the effective date of this Ordinance and shall terminate on the earlier of (a) the termination of the Local Participation Agreement, or (b) 40 years from the date hereof.

Section 3. That the Louisville Medical Center Development Corporation, a Kentucky non-profit corporation (a) is designated as the Agency, pursuant to the terms of the Act, (b) shall be the recipient of the Released Amount under the Local Participation Agreement and (c) shall be required to oversee and administer the implementation of the Project within the Development Area. No less than annually, LMCDC shall (a) submit a report to the Division of Tax Increment Financing within the Office of the Kentucky Department of Revenue (i) certifying the use of the Released Amount for the payment of approved project costs within the Development Area, and (ii) providing an accounting of the receipt and use of the Released Amount, and (b) submit the report to the Department of Finance required pursuant to the Local Participation Agreement.

Section 4. That the Mayor is authorized to negotiate and enter into a Local Participation Agreement with LMCDC for the release to LMCDC of a portion of the new occupational license fees expected to be derived by Louisville from the Project to be constructed in the Development Area ("Released Amount"), substantially in the form attached hereto as Exhibit D.

Section 5. That the Department of Finance is designated as the department in Louisville to oversee the payment of the Released Amount and to review all documentation concerning the Project, its progress, costs and development. The Department of Finance shall annually submit to the Council a report concerning the Development Area including but not limited to:

- A. An accounting of all payments made to LMCDC pursuant to the Local Participation Agreement;
- B. An analysis and review of development activity within the Development Area;
- C. The progress made toward meeting the stated goals of the Development Area;
- D. An accounting of the Approved Public Infrastructure Costs, Approved Signature Project Costs and Financing Costs incurred by LMCDC.

Section 6. That the Council authorizes Louisville Metro to pay annually to LMCDC, the Released Amount which shall be a sum equal to 50% of the Withholding Tax Increment (as calculated pursuant to the Local Participation Agreement) subject to the following conditions:

- A. Louisville shall have no obligation to pay the Released Amount to LMCDC until the Commonwealth and LMCDC have entered into the Grant Agreement pursuant to the Act;
- B. Louisville shall withhold payment of the Released Amount until the Commonwealth certifies to Louisville, pursuant to the terms of the Local Participation Agreement that the minimum capital investment equal to \$200 million has been made in the Project (the "Minimum Capital Investment"). Until such time that the Minimum Capital Investment has been made, the Department of Finance shall deposit the Released Amount into an escrow account. Upon the certification of the Minimum Capital Investment, the Department of Finance shall pay to LMCDC the accumulated balance of the Released Amount in the escrow fund ("Escrowed Amount"). In the event that the Minimum Capital

Investment is not certified by a date ten (10) years from the effective date of this Ordinance, the Escrowed Amount shall be paid into the General Fund.

- C. In no event shall the total of the Released Amount paid to LMCDC over the term of the Local Participation Agreement exceed the Eligible Project Costs as defined in the Local Participation Agreement.

Section 7. That LMCDC shall establish a Special Fund pursuant to the Act for the Development Area as set forth in the Local Participation Agreement

Section 8. That the Mayor and other appropriate Louisville officials, and each of them, for and on behalf of Louisville, are hereby authorized, empowered and directed to do and perform any and all things necessary to effect the execution of the Local Participation Agreement, the performance of all obligations of Louisville under and pursuant to the Local Participation Agreement and related documents, and the performance of all other actions of whatever nature necessary to effect and carry out the authority conferred by this Ordinance and the Local Participation Agreement. The Mayor and other appropriate Louisville officials, and each of them, is hereby further authorized, empowered and directed for and on behalf of Louisville to execute all papers, letter, documents, undertakings, certificates, assignments, forms, instruments and closing papers that may be required for the carrying out and effectuation of the authority conferred by and for the purposes of this Ordinance and the Local Participation Agreement, or to evidence said authority and purposes, and to exercise and otherwise take all action necessary to the full realization of the rights and purposes of Louisville under the Local Participation Agreement and related documents and to perform all of the obligations of Louisville under the Local Participation Agreement and related documents.

Section 9. This Ordinance shall take effect upon its passage and approval.

Kathleen J. Herron
Metro Council Clerk

Rick Blackwell
President of the Council

Jerry E. Abramson
Mayor

Approval Date

APPROVED AS TO FORM AND LEGALITY:

Irv Maze
Jefferson County Attorney

BY: _____
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8-3-07

Exhibits

- A. Description of Project**
- B. Map of Development Area**
- C. Data & Finding Re: Development Area**
- D. Local Participation Agreement**